

Council on Postsecondary Education
July 22, 2002

2002-03 Spending Plan Report

The fiscal year 2002-03 spending plan closely mirrors the various appropriations and related provisions included in House Bill 1 as introduced by the Governor in the 2002 First Extraordinary Session. Like the rest of state government, there are no base increases built into the spending plan for postsecondary education.

The Governor has maintained his strong commitment to need-based aid and the merit scholarship program (KEES). The spending plan includes increases for both these programs based on the council's recommendation.

The House and Senate included in their respective versions of the appropriations bill a third round of Bucks for Brains to be funded through the issuance of bonds. The executive spending plan does not include any issuance of debt. But the delay in enacting a budget will not affect this program at the moment. Debt service was only provided in the fiscal year 2002-04 budget and, as a result, bonds could not have been sold any earlier than January 2003.

Attachment A shows a comparison of the state operating budget as recommended by the council and the Governor's spending plan. Attachment B is the detail of the Governor's spending plan for the institutions.

COMMONWEALTH OF KENTUCKY POSTSECONDARY EDUCATION
COMPARISON OF COUNCIL FUNDING RECOMMENDATION AND GOVERNOR'S 2002-03 SPENDING PLAN

■ = Council priority projects.

			2002-03	
			<u>Council</u>	<u>Governor's</u>
		<u>2001-02</u>	<u>Recommendation</u>	<u>Spending Plan</u>
		<u>Base</u>		
Postsecondary Education Institutions				
Enacted 2001-02 General Fund Appropriations	\$	985,673,400	\$ 985,673,400	\$ 985,673,400
Base Adjustments and Transfers		4,243,400 (1)	23,588,500	4,243,400
Benchmark Funding		-	34,620,800	-
M&O New Facilities		-	2,682,100	-
Other Changes to Base		-	(1,887,300) (2)	(1,797,800) (3)
Special Funding Requests		-	1,313,500	-
Total Postsecondary Education Institutions	\$	989,916,800	\$ 1,045,991,000	\$ 988,119,000
Council/KYVU/KYVL				
Agency	\$	8,775,100	\$ 9,931,000	\$ 8,725,600
Pass Through Programs		13,017,500	10,212,800	10,258,100
Governor's Minority Student College Preparation Program		231,700	332,500	332,500 (3)
SREB Doctoral Scholars Program		68,000	255,000	255,000 (3)
Total Council	\$	22,092,300	\$ 20,731,300	\$ 19,571,200
KHEAA				
Need-Based Financial Aid	\$	49,259,500	\$ 49,600,000	\$ 50,213,600
Osteopathic Medicine Scholarships		1,379,500	1,379,500	1,582,100 (3)
Total KHEAA	\$	50,639,000	\$ 50,979,500	\$ 51,795,700
Strategic Investment and Incentive Funding Program				
Research Challenge Trust Fund				
Endowment Match Program (debt service)	\$	-	\$ 1,250,000	\$ -
Enrollment Growth and Retention		1,617,000	-	-
Lung Cancer Research		6,080,000	6,280,000	6,280,000
Total Research Challenge Trust Fund	\$	7,697,000	\$ 7,530,000	\$ 6,280,000
Regional University Excellence Trust Fund				
Endowment Match Program (debt service)	\$	-	\$ 250,000	\$ -
Enrollment Growth and Retention		2,793,000	-	-
Action Agenda		9,800,000	-	-
Total Regional University Excellence Trust Fund	\$	12,593,000	\$ 250,000	\$ -
Postsecondary Education Workforce Development Trust Fund				
Workforce Training	\$	5,880,000	\$ -	\$ -
Enrollment Growth and Retention		3,430,000	-	-
Administrative Information Systems		-	2,000,000	-
Total Postsecondary Ed. Workforce Development Trust Fund	\$	9,310,000	\$ 2,000,000	\$ -
Technology Initiative Trust Fund				
Equipment Replacement	\$	-	\$ -	\$ -
Network Infrastructure		1,176,000	1,200,000	1,200,000
Faculty Development		980,000	100,000	100,000
Total Technology Initiative Trust Fund	\$	2,156,000	\$ 1,300,000	\$ 1,300,000

COMMONWEALTH OF KENTUCKY POSTSECONDARY EDUCATION
COMPARISON OF COUNCIL FUNDING RECOMMENDATION AND GOVERNOR'S 2002-03 SPENDING PLAN

■ = Council priority projects.

	2001-02 <u>Base</u>	2002-03	
		<u>Council Recommendation</u>	<u>Governor's Spending Plan</u>
Physical Facilities Trust Fund			
Capital Renewal & Maintenance (debt service)	\$ -	\$ -	\$ -
Renovation, Replacement & Infrastructure (debt service)	-	-	-
New Construction (debt service)	-	-	-
Total Physical Facilities Trust Fund	\$ -	\$ -	\$ -
Student Financial Aid and Advancement Trust Fund			
KEES	\$ 40,000,000	\$ 57,326,100	\$ 63,181,300
Public Communications Campaign	1,500,000	1,500,000	-
Total Student Financial Aid and Advancement Trust Fund	\$ 41,500,000	\$ 58,826,100	\$ 63,181,300
Adult Education and Literacy Funding Program	\$ 11,532,600	\$ 11,768,000	\$ 11,768,000
Science and Technology Funding Program			
Research Development	\$ 2,940,000	\$ 3,000,000	\$ 3,000,000
Commercialization	735,000	750,000	750,000
Regional Technology Corporations	490,000	500,000	500,000
Rural Innovation Fund	-	1,000,000	1,000,000 (3)
Knowledge Based Economy Academic Programs (Engineering)	-	3,000,000	1,000,000 (3)
Kentucky EPSCoR	-	2,626,200	4,521,600 (4)
Science and Engineering Foundation		2,000,000	-
Total Science and Technology Funding Program	\$ 4,165,000	\$ 12,876,200	\$ 10,771,600
Enrollment Growth and Retention Trust Fund			
Enrollment Growth Program	\$ -	\$ 1,311,500	\$ -
Retention Program	-	-	-
P-16 Challenge Grant Program	-	-	-
Total Enrollment Growth and Retention Trust Fund	\$ -	\$ 1,311,500	\$ -
Teacher Quality Trust Fund	\$ -	\$ -	\$ -
Total Strategic Investment and Incentive Funding Program	\$ 88,953,600	\$ 95,861,800	\$ 93,300,900
Total Postsecondary Education	\$ 1,151,601,700	\$ 1,213,563,600	\$ 1,152,786,800

(1) Includes budget reductions and transfers of trust funds.

(2) Includes changes in state-supported debt service requirements and UofL hospital contract.

(3) Includes investment income from trust funds - a non-recurring source of funds.

(4) Includes funds for the KY Science and Engineering Foundation; includes investment income from trust funds.

2002-03 BUDGET ANALYSIS
Governor's Spending Plan
General Funds and Investment Income from Trust Funds

2001-02 Base Appropriation								
<u>Less Budget Reductions:</u>				<u>Adjustments (Additions)</u>				
	Enacted 2001-02 Appropriation	Maintenance & Operations (Nonrecurring)	2 Percent Reduction (Recurring)	Revised 2001-02 Appropriation	Trust Funds*	Other		2002-03 Base**
EKU	\$ 72,435,200	\$ (1,254,500)	\$ (1,247,500)	\$ 69,933,200	\$ 2,888,900			\$ 74,076,600
KCTCS	184,748,000	(2,657,500)	(3,302,200)	178,788,300	7,876,800	\$ 387,000 (1)		189,709,600
KSU	22,717,900	(47,600)	(408,500)	22,261,800	850,200			23,159,600
Morehead	41,030,700	(101,800)	(768,600)	40,160,300	1,825,800			42,087,900
Murray	50,737,100	(155,300)	(945,000)	49,636,800	1,882,900			51,675,000
NKU	44,613,400	(386,600)	(537,500)	43,689,300	1,936,500			46,012,400
UK	313,616,900	(2,507,700)	(6,008,400)	305,100,800	173,100	201,000 (2)		307,982,600
LCC	8,593,700	-	(51,300)	8,542,400	315,200			8,857,600
UofL	179,478,800	(1,321,000)	(2,982,600)	175,175,200	135,500			176,631,700
WKU	67,701,700	(374,900)	(1,061,000)	66,265,800	3,083,100			69,723,800
Total	\$ 985,673,400	\$ (8,806,900)	\$ (17,312,600)	\$ 959,553,900	\$ 20,968,000	\$ 588,000		\$ 989,916,800

2002-03				
	Base**	Debt Service Adjustment	Other***	Spending Target
EKU	\$ 74,076,600	\$ (624,800)		\$ 73,451,800
KCTCS	189,709,600	13,100		189,722,700
KSU	23,159,600	3,100	487,800 (3)	23,650,500
Morehead	42,087,900	659,500		42,747,400
Murray	51,675,000	(5,600)		51,669,400
NKU	46,012,400	(23,400)		45,989,000
UK	307,982,600	(4,129,200)	661,800 (4)	304,515,200
LCC	8,857,600	293,100		9,150,700
UofL	176,631,700	(1,500)	165,000 (5)	176,795,200
WKU	69,723,800	703,300		70,427,100
Total	\$ 989,916,800	\$ (3,112,400)	\$ 1,314,600	\$ 988,119,000

* Transfer of trust funds to institutions: earned enrollment growth and retention, action agenda, faculty development, and workforce development.

** 2001-02 maintenance and operation budget reductions are restored.

*** Includes trust funds investment income.

(1) M&O funds transferred from UK to KCTCS.

(2) Includes \$387,000 M&O transferred to KCTCS and transfer of \$588,000 for the Literacy Center.

(3) Federal Land Grant match.

(4) Includes General Fund appropriations of \$115,000 for breast cancer research, \$12,000 to restore 2% budget reduction for the Literacy Center, and \$300,000 for medical residency positions at Morehead and Corbin. Includes \$234,800 restricted agency funds (investment income) for Enrollment Growth and Retention.

(5) Includes General Fund appropriations of \$115,000 for breast cancer research and \$50,000 restricted agency funds (investment income) for the UofL hospital contract.

Data Source: Council Recommendation and Executive Spending Plan

July 1, 2002

Attachment B